

MEMORANDUM OF LAW

DATE: May 14, 1987

TO: Eugene T. Ruzzini, Audit Division Manager

FROM: City Attorney

SUBJECT: Audit, San Diego Chargers

By a memorandum dated April 29, 1987 (copy attached for ready reference), you have asked for our views with respect to certain issues raised by recent audits of the San Diego Chargers' agreement for use of San Diego Jack Murphy Stadium.

Our response follows seriatim.

Answer to Question 1. The terms of the modified agreement should apply to the 1986 and 1987 seasons. (See the last sentence of Mr. McGrory's letter.)

Answer to Question 2. Yes. The value of trade-outs should be included in gross income. You can include the 1983 football season for these computations.

Answer to Question 3. No. The type of trade-out has no bearing on reportability. It may make valuation difficult, but does not affect reportability.

Answer to Question 4. Not applicable. In our view all trade-outs are reportable.

JOHN W. WITT, City Attorney

By

C. M. Fitzpatrick

Assistant City Attorney

CMF:js:271.18(x043.2)

Attachment

ML-87-50